

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6306

BILL NUMBER: HB 1183

NOTE PREPARED: Jan 25, 2011

BILL AMENDED: Jan 25, 2011

SUBJECT: Indiana Business Price Preferences.

FIRST AUTHOR: Rep. Dermody

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) *Interim Study Committee on Veteran's Procurement Preferences*: The bill establishes the Interim Study Committee on Veterans' Procurement Preferences.

Price Preferences: The bill provides an additional preference for purchases made by a state agency for supplies manufactured or assembled by an Indiana business in Indiana. It deletes a provision specifying that the Indiana price preferences are ignored in certain circumstances if an offeror is from a state bordering Indiana.

Effective Date: July 1, 2011.

Explanation of State Expenditures: (Revised) *Interim Study Committee on Veteran's Procurement Preferences*: This bill establishes the Interim Study Committee on Veteran's Procurement Preferences, but does not specify the composition of the committee. The committee is to operate under the policies governing study committees adopted by the Legislative Council. Legislative Council resolutions in the past have established budgets for interim study committees in the amount of \$9,500 per interim for committees with fewer than 16 members and \$16,500 per interim for committees with 16 members or more.

The committee is to issue a final report before November 1, 2011, to the Legislative Council concerning findings and recommendations about a state preference procurement program to benefit veteran-owned businesses.

Price Preferences: The bill may add to the purchase price of supplies by requiring the Department of Administration (DOA) to adopt rules or guidelines to provide an additional preference for the purchase of

supplies manufactured or assembled in Indiana. The bill may also increase the cost of certain supplies by applying the existing Indiana business price preference in certain circumstances where it does not currently apply.

Background: Currently, there is a price preference given for supplies purchased from an Indiana business, ranging from 1% to 5% based on the expected purchase dollar amount. The price preference does not apply if only Indiana businesses respond with offers, or when the offeror is a business located in another state that has preferences which do not exceed Indiana's. These exceptions to the price preferences would be removed under the bill.

In addition to the existing price preferences, under the bill, a price preference ranging from 1% to 3% based on the expected purchase dollar amount would be available if the supplies are manufactured or assembled in Indiana.

In some cases, identifying where a product is manufactured may be complicated by manufacturers not providing the percentage of parts used by geographic origin and frequently changing the mix (by geographic origin) of the parts used in manufacture. The DOA would adopt guidelines to determine when supplies are manufactured or assembled in Indiana.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DOA.

Local Agencies Affected:

Information Sources: <http://www.in.gov/idoa/2467.htm>

Fiscal Analyst: Karen Firestone, 317-234-2106.